



National Energy
Board

Office national
de l'énergie

National Energy Board

2014–15

Departmental Performance Report

The original was signed by

C. Peter Watson, P.Eng. FCAE
Chair and CEO

National Energy Board

The original was signed by

The Honourable Jim Carr, P.C., M.P.
Minister

Natural Resources

Canada

Permission to Reproduce

Materials may be reproduced for personal, educational and/or non-profit activities, in part or in whole and by any means, without charge or further permission from the National Energy Board, provided that due diligence is exercised in ensuring the accuracy of the information reproduced; that the National Energy Board is identified as the source institution; and that the reproduction is not represented as an official version of the information reproduced, nor as having been made in affiliation with, or with the endorsement of the National Energy Board.

For permission to reproduce the information in this publication for commercial redistribution, please e-mail: info@neb-one.gc.ca

Autorisation de reproduction

Le contenu de cette publication peut être reproduit à des fins personnelles, éducatives et/ou sans but lucratif, en tout ou en partie et par quelque moyen que ce soit, sans frais et sans autre permission de l'Office national de l'énergie, pourvu qu'une diligence raisonnable soit exercée afin d'assurer l'exactitude de l'information reproduite, que l'Office national de l'énergie soit mentionné comme organisme source et que la reproduction ne soit présentée ni comme une version officielle ni comme une copie ayant été faite en collaboration avec l'Office national de l'énergie ou avec son consentement.

Pour obtenir l'autorisation de reproduire l'information contenue dans cette publication à des fins commerciales, faire parvenir un courriel à info@neb-one.gc.ca

© Her Majesty the Queen in Right of Canada 2015
as represented by the National Energy Board

Cat. No. NE2-8/2015E-PDF
ISSN 2368-1292

This title is published separately in both
official languages.

Copies are available on request from:
Library and Publication Services
National Energy Board
517 Tenth Avenue SW
Calgary, Alberta T2R 0A8

Telephone:
403-292-4800
1-800-899-1265

Fax:
403-292-5576

Email: publications@neb-one.gc.ca
www.neb-one.gc.ca

Printed in Canada

© Sa Majesté la Reine du Chef du Canada 2015
représentée par l'Office national de l'énergie

N° de cat. NE2-8/2015F-PDF
ISSN 2368-1306

Le titre est publié séparément dans les deux
langues officielles.

Pour obtenir des exemplaires sur demande :
Bibliothèque et bureau des publications
Office national de l'énergie
517, Dixième Avenue S.-O.
Calgary (Alberta) T2R 0A8

Téléphone :
403-292-4800
1-800-899-1265

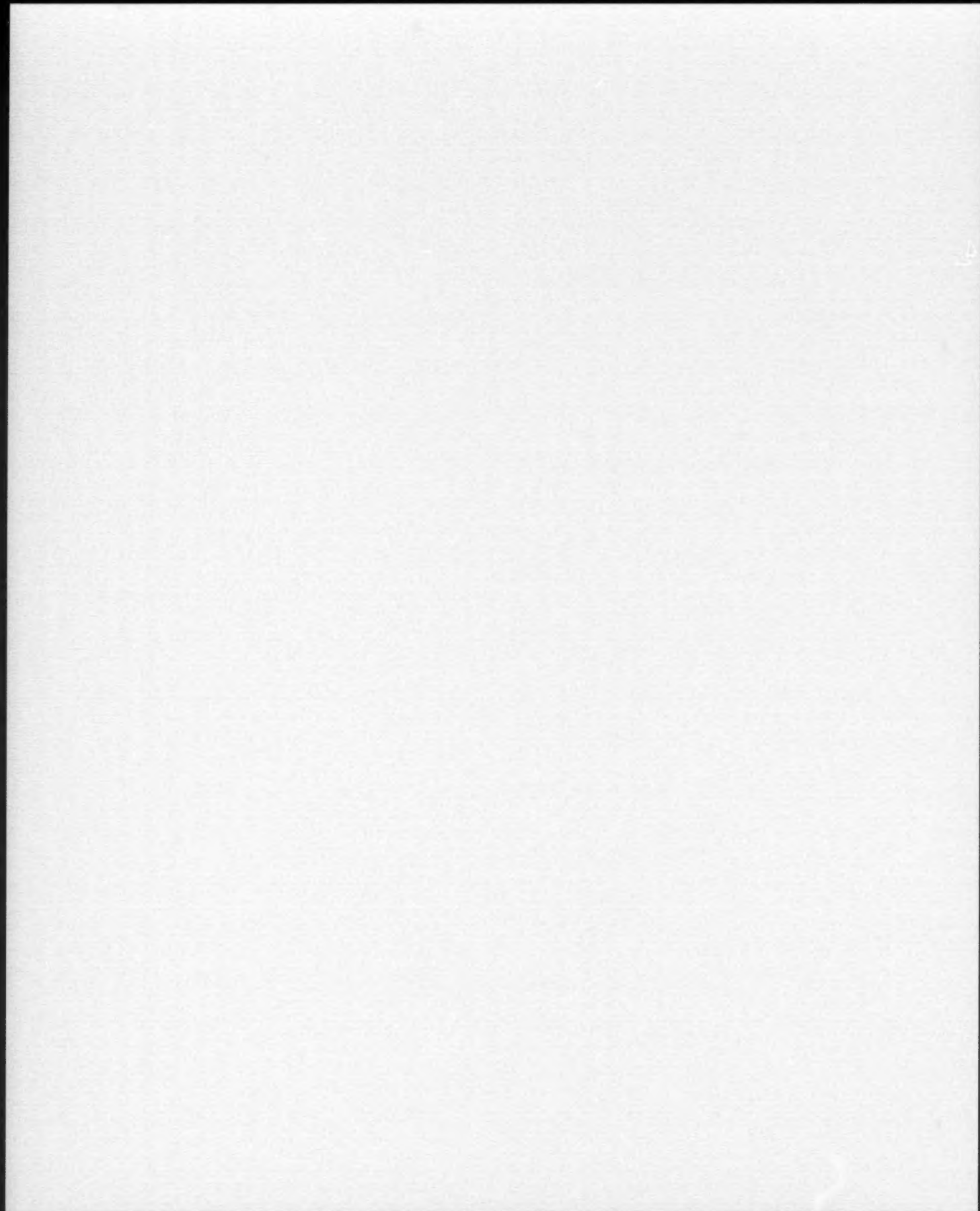
Télécopieur :
403-292-5576

Courriel : publications@neb-one.gc.ca
www.one-neb.gc.ca

Imprimé au Canada

Table of Contents

Message from the Chair and CEO.....	1
Section I: Organizational Expenditure Overview	3
Organizational Profile	3
Organizational Context	4
Actual Expenditures	14
Alignment of Spending With the Whole-of-Government Framework	16
Departmental Spending Trend	17
Expenditures by Vote	17
Section II: Analysis of Program(s) by Strategic Outcome.....	19
Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.....	19
Program 1.1: Energy Regulation	19
Sub-Program 1.1.1: Energy Regulation Development	23
Sub-Program 1.1.2: Energy Regulation Implementation, Compliance Monitoring and Enforcement.....	27
Program 1.2: Energy Information	32
Internal Services	35
Section III: Supplementary Information	39
Financial Statements Highlights	39
Financial Statements	40
Supplementary Information Tables.....	41
Tax Expenditures and Evaluations.....	41
Section IV: Organizational Contact Information	43
Appendix: Definitions	45
Endnotes	49



Message from the Chair and CEO

I am pleased to present the National Energy Board (NEB or the Board) *Departmental Performance Report* for 2014-15. This has been a year of change for the Board. As the new Chair, I've set an ambitious modernization agenda anchored on improving relationships with municipalities and Indigenous Peoples, enhancing environmental and safety outcomes, and increased transparency for pipeline safety measurement.

In my first months as Chair, I reviewed the NEB and found that our 450 staff – composed of environmental scientists, engineers, engagement specialists, among many others – is highly professional. However, our relationships with communities affected by existing and proposed pipelines needed improvement.

In November 2014, I launched an NEB cross-Canada engagement initiative in Saint John, New Brunswick and I committed to meet personally with municipal and Indigenous leaders, ENGOs, and first responders to listen to their concerns about pipeline safety and environmental protection. By the time the initiative was completed, I had held 80 meetings in 34 cities and towns in nine provinces and two territories, logging nearly 40,000 kilometres. What I heard in those meetings was that Canadians wanted their land and water protected from possible negative effects from energy infrastructure and they also wanted to know if the NEB was ready to respond effectively if a major pipeline incident occurred.

Increased transparency about NEB activities and pipeline safety is a cornerstone of our enhanced public engagement. In addition to making more compliance and enforcement information available to Canadians, we have renewed our commitment to community-focused communications. To this end, we opened regional offices in Montreal and Vancouver in the spring of 2015. The offices are part of an initiative to strengthen our regional presence, raise awareness about our work, and build stronger relationships with Indigenous groups, local municipalities and landowners.

This focus on working with municipalities led to a relationship with the Communauté métropolitaine de Montréal (CMM) – which is the association of metropolitan Montreal municipalities. During 2014-15, talks began between our organizations to develop a Memorandum of Understanding (MOU) to improve information sharing and collaboration. These discussions led to the formal signing of the MOU later in 2015.

Over the course of the past year, the NEB has actively developed our environmental and safety programs. We worked with the Canada-Nova Scotia offshore Petroleum Board and the Canada-Newfoundland and Labrador Offshore Petroleum Board to release a joint framework on industry safety culture. We continue to focus on data collection and analysis to better measure company performance on all aspects of environmental

protection and safety, and the NEB is now publicly reporting on Administrative Monetary Penalties, incidents and unauthorized activities. This includes significant work to build an online Pipeline Incident Map, which offers Canadians the opportunity to view all pipeline incidents in Canada since 2008. This major transparency initiative was launched just weeks after the end of the 2014-15 fiscal year.

2014-15 was a year of change for the Board, and we have embraced the opportunities presented by this change to improve, refine and refresh the work we do for Canadians. This helped lay the foundation for our updated strategic focus, including: Leading Regulatory Excellence, Taking Action on Safety and Engaging with Canadians. It is a testament to the passion and skill of our dedicated staff that the NEB has continued to demonstrate excellence and continual improvement on behalf of Canadians.

C. Peter Watson, P.Eng. FCAE

Chair and CEO

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: The Honourable Jim Carr, P.C., M.P.

Institutional Head: C. Peter Watson, P. Eng. FCAE

Ministerial Portfolio: Natural Resources

Enabling Instrument(s): *National Energy Board Act* (NEB Act)ⁱ

Year of Incorporation / Commencement: 1959

Organizational Context

Raison d'être

The National Energy Board (NEB or the Board) is an independent federal, quasi-judicial regulator established in 1959 to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament for the regulation of pipelines, energy development and trade.

Responsibilities

The main responsibilities of the NEB are established in the NEB Act and include regulating:

- The construction, operation, and abandonment of pipelines that cross international borders or provincial/territorial boundaries, as well as the associated pipeline tolls and tariffs;
- The construction and operation of international power lines and designated inter-provincial power lines; and
- Imports of natural gas and exports of crude oil, natural gas liquids (NGL), natural gas, refined petroleum products and electricity.

Additionally, in specified areas¹ the Board has regulatory responsibilities for oil and gas exploration and production activities under the *National Energy Board Act*, the *Canada Oil and Gas Operations Act* (COGOA)ⁱⁱ, the *Canada Petroleum Resources Act* (CPRA)ⁱⁱⁱ, and the *Northwest Territories' Oil and Gas Operations Act* (OGOAT)^{iv} and *Petroleum Resources Act* (PRA).^v

The NEB conducts environmental assessments (EA) during its review of applications for projects under its jurisdiction. For certain projects, an EA is also required by federal legislation, such as the *Canadian Environmental Assessment Act, 2012* (CEAA 2012)^{vi}, the *Mackenzie Valley Resource Management Act*^{vii}, and the *Inuvialuit Final Agreement* or the *Nunavut Land Claims Agreement*. Certain Board inspectors are designated Health and Safety Officers by the Minister of Labour to administer Part II of the *Canada Labour Code*^{viii} as it applies to NEB-regulated facilities and activities.

1. Areas to which such responsibilities relate include Nunavut; Sable Island; the Inuvialuit Settlement Region onshore; that part of the onshore that is under the administration of a federal minister (including Norman Wells Proven area and other miscellaneous parcels); that part of the internal waters of Canada or the territorial sea of Canada that is not situated in a province or territory other than the Northwest Territories, or in that part of the onshore that is not under the administration of a federal minister; and the continental shelf of Canada, but does not include the adjoining area as defined in section 2 of the *Yukon Act*.

The Board also monitors aspects of energy supply, demand, production, development and trade. The Board reports to Parliament through the Minister of Natural Resources.

Strategic Outcome(s) and Program Alignment Architecture

1. Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

1.1 Program: Energy Regulation

1.1.1 Sub-Program: Energy Regulation Development

1.1.2 Sub-Program: Energy Regulation Implementation, Compliance Monitoring and Enforcement

1.2 Program: Energy Information Program

Internal Services

Organizational Priorities

Organizational Priorities

Priority	Type ²	Strategic Outcome(s) (and/or) Program(s)
Continual improvement of safety and environmental outcomes ³	Previously committed to	Energy Regulation
Summary of Progress Safety and environmental protection are of paramount importance to the Board. As an independent federal regulator, the Board regulates safety and security, environmental protection and economic efficiency in the Canadian public interest⁴ within the mandate set by Parliament. The Board is committed to strengthen and improve industry-wide performance and awareness of the role that safety culture plays in contributing to or building defences against accidents. Progress for this organizational priority is linked to the Energy Regulation program, and Energy Regulation Implementation, Compliance Monitoring and Enforcement sub-program. Detailed performance analysis is included in Section II of this report.		

2. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

3. As indicated in the NEB's *Report on Plans and Priorities 2015-16*, the title for this priority is "Take Action on Safety" effective 2015-16. The new title reflects the next phase in the organizational priority, which focuses on further development and refinement of activities to deliver on safety and environmental outcomes.

4. The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society's values and preferences evolve over time.

- Together with the Canada-New Brunswick Offshore Petroleum Board and the Canada-Newfoundland and Labrador Offshore Petroleum Board, the NEB released a joint statement and framework on safety culture in June 2014. *Advancing Safety in the Oil and Gas Industry – Statement on Safety Culture*¹⁷ incorporates a definition, characteristics, and attributes of safety culture. During the year, the NEB engaged stakeholders to promote awareness of the NEB's safety culture expectations.
- Early work on safety culture indicators development began. These indicators will be evaluated to determine how to best integrate a select number of them into NEB compliance verification activities, with the ultimate goal of reducing incidents.
- The NEB continued to improve internal systems and processes to collect, analyze and improve the use of regulatory data. This has helped the NEB to identify industry trends, determine how companies are performing towards safety and environmental performance targets and better inform NEB decisions and communications.
- The NEB developed its regulatory information and analysis function, and enhanced its ability to provide high quality, evidence-based information for use in compliance verification and other regulatory processes.
- In 2014-15, the NEB publicly reported on Administrative Monetary Penalties (AMPs).¹⁸ In the interest of greater public transparency around the issuance of AMPs, the NEB also began posting information related to Notices of Violation. This information includes the name of the company or individual believed to have committed a violation, the issue date, the region and facility, the nature of the violation, and the amount of the penalty.
- The NEB streamlined the process of reporting by regulated companies of incidents and unauthorized activities. This year the NEB introduced the Online Event Reporting System (OERS)¹⁹ and provided additional guidance to companies regarding incident reporting (NEB Event Reporting Guidelines). The Transportation Safety Board of Canada also decided regulated pipeline companies to report events using this system. OERS ensures that both writers are able to access information for all reported events and significantly reduce the regulatory reporting burden on companies.
- Throughout the year, the NEB produced easily accessible regulatory information on safety, environmental protection and energy markets. This information was proactively offered on the NEB website.

Priority	Type	Strategic Outcomes (linked programs)
A robust regulatory framework for the North	Proactively controlled as	Energy Regulation
Summary of Progress		
The NEB proactively controlled is reviewing and strengthening its regulatory framework for the North, to ensure that future decisions on applications are made in a manner that enhances the safety of workers and the public and the protection of the environment. Progress to this organizational priority is linked to the Energy Regulation Development sub-program. Detailed performance analysis is included in Section 4 of this report. - On 1 April 2014, the Government of the Northwest Territories (GNWT) assumed responsibility for onshore oil and gas activities in the Northwest Territories outside the Gwich'in Health Protection Act, and other miscellaneous lands. The NEB and GNWT signed a <i>Letters Agreement</i>⁵ to allow the NEB to provide technical services and advice to support the GNWT's regulatory functions for oil and gas projects, and to the newly-proposed. - The NEB updated filing requirements and processes to clarify the NEB's expectations of companies and how the public can get involved in NEB processes in the North. - The NEB engaged Northern and Northern institutions that may be affected by potential activities regulated by the NEB, in support of meaningful and coordinated regulatory processes. - Staff continued to work with key players to improve preparedness in the event of an emergency incident in the North. This included collaboration with the Environmental Impact Review Board and offshore boards, and regional, national and international spill response agencies.		

5. In this case, jurisdiction is the transfer of powers from the federal government to the governing government.

Priority	Type	Strategic Sub-projects (priorities) Program
It focuses and efficient environmental data to avoid cost and improve practices	Previously committed to	Energy Regulation, Internal Services
Summary of Progress		
Environment industry activity continued to show a high demand for NED services this year. A similar organization is required for the NED to address its strategic outcome and practice in an efficient and efficient manner. Progress for the organizational priority is linked to the Energy Regulation (Management and Energy Regulation Implementation, Compliance Monitoring and Enforcement sub-projects, Internal Services activities are also linked to this priority. Detailed performance analysis is included in Section 3 of this report. - The NED continued to implement consequential legislative and regulatory changes. - The NED evaluated and updated hearing and non-hearing application processes, including systems used to support the application processes, so that they are fit for staff to conduct a thorough and efficient review of processing major applications. - The NED strategically enhanced communication with Canadians throughout the year, including through proactive information sharing and web presence. - Information management and information technology strategies were implemented to support regulatory and business processes. The NED's approach to data capture, storage, analysis and dissemination continued to evolve this year. - In June 2014, the NED temporarily relocated its head office to a new building and continued to an open and modern workplace, consistent with Objective 3.1 of the plan. - The NED established service standards and performance measures for key internal services. The NED measured client satisfaction in the areas of time to staff, time to review, email system availability, service desk response time, email response time, and other contributing user satisfaction. Cumulative performance targets were set and targets have been met for 2014-15.		

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Due to several drivers such as an increase in the transportation of oil and gas products, there is a risk that an incident at a regulated company results in a fatality(ies) and/or significant environmental damage.	• Monitored compliance through an increased number of risk-informed verification activities (335 in 2014-15, an increase from 282 in 2013-14). • Investigated and analyzed incidents, risks and trends within regulated companies' operating environments. Analysis informed risk-based compliance verification planning. • Inspection Officers applied enforcement tools for all issues of non-compliance. • Compliance staff competence maintained through required training and designations. • Development of the regulatory information and analysis function fed high quality information into the risk-based compliance verification planning process. • Communicated safety culture expectations to regulated companies. ➤ Risk identified in the 2014-15 RPP ➤ Strategies reduced risk exposure	1.1 Energy Regulation Program
Due to limited use of data standards combined with aging information systems, there is a risk that inaccurate, incomplete or inadequate information	• Carried out proactive and strategic outreach activities with stakeholders and media in Canadian communities interested in	1.1 Energy Regulation Program 1.2 Energy Information

about NEB-regulated facilities or NEB operations is communicated to Canadians.	- or affected by NEB activities. - Improved web-based information tools. - Produced accurate, reliable energy information products and made them available to external stakeholders and the public. - Implemented NEB Communication Strategy. - Applied a portfolio management approach to software deployment. ➤ Risk identified in the 2014-15 RPP ➤ Strategies reduced risk exposure	Program
Due to an increase in resource demands driven by the number and scope of applications and hearings, there is a risk that they are not dealt with in a timely and expeditious manner and/or legislated time limits are not met resulting in a compromised predictability of the NEB's regulatory processes.	- Process in place outlining specific criteria defining potential hearing participants, which provides clarity on public participation at hearings to ensure efficiency. - Multi-business unit staffing plan ensured adequate staff for upcoming hearings using data from previous hearings. Hearings resourced on a monthly basis using multi-business unit input. - Constantly monitored applications to ensure compliance with expeditious handling legislation. ➤ Risk identified in the 2014-15 RPP ➤ Strategies reduced risk exposure	1.1 Energy Regulation Program
Due to a highly competitive labour market, there is a risk	Maintained status as a "Top 100" employer.	Internal Services

that key positions within the organization are vacant resulting in a loss of corporate knowledge and delays in regulatory processes.	• Measured employee work-life balance and management communication satisfaction, on a quarterly basis. • Conducted market surveys, as required, for employee pay, benefits, and attrition rates and compared with the NEB's rates. • Developed and actioned the NEB People Strategy, which is the NEB's human resources plan. Plan focused on the attraction and retention needs of the organization. ➤ Risk identified in the 2014-15 RPP ➤ Strategies reduced risk exposure	
---	---	--

The safety of Canadians and protection of the environment in the construction, operation and abandonment of pipeline facilities regulated by the NEB continue to be top priorities. The NEB has shared its safety culture expectations with companies to promote the common goal of zero incidents. The NEB conducted 335 compliance verification activities, including 192 inspections. The NEB conducted six audits to observe regulated companies' operating environments to keep aware of emerging risks and trends, and the analysis informs the NEB's risk-based compliance verification plans. The NEB has a suite of enforcement tools available to ensure regulated company compliance with rules and regulations that are designed to promote safety and protection of the environment.

In early 2015, the Chair and CEO embarked on a National Engagement Initiative^{xiii}, in an effort to demystify the NEB's role and regulatory processes, while hearing from Canadians about regional energy matters. This is a first step in creating an ongoing dialogue to ensure information about the NEB's role and mandate is communicated accurately.

The NEB proactively released online safety and environmental compliance information to Canadians regarding regulated company performance, and the reach of this information was expanded through our Twitter account and targeted communications products. Lastly, the NEB has taken a "detect and correct" approach to rectify inaccurate media coverage.

The NEB continued to meet legislated time limits in 2014-15, by constantly monitoring application process times and accessing our resource allocation plan.

The skills and experience needed to carry out the NEB's mandate are critical to regulating in the Canadian public interest. In 2014-15, the NEB saw renewal in several senior leadership positions including a new Chair and CEO, Vice-Chair, Chief Operating Officer, and several Vice-Presidents and Directors. These highly-qualified professionals bring experience and commitment that energized the management team. The NEB regularly reviewed its People Strategy, staffing and recruitment levels, and resource needs throughout the year to remain a nimble organization during a time of change. The NEB continued to support and measure employee work-life balance and engagement, and encouraged employee learning and development as part of the organization's people retention strategy.

Actual Expenditures

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	Difference (actual minus planned)
71,316,050	84,663,473	92,482,848	87,321,083	2,657,610

Human Resources (Full-Time Equivalents [FTEs])

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
423.6	440.6	17.0

Budgetary Performance Summary for Strategic Outcome(s) and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2014-15 Main Estimates	2014-15 Planned Spending	2015-16 Planned Spending	2016-17 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2013-14 Actual Spending (authorities used)	2012-13 Actual Spending (authorities used)
Strategic Outcome: 1. The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.								
1.1 Energy Regulation Program	39,482,860	56,018,272	52,632,974	48,926,812	51,792,827	45,310,493	47,970,746	44,125,872
1.2 Energy Information Program	5,294,553	6,820,972	5,620,814	5,225,464	6,589,085	6,567,390	6,156,305	5,974,560
Subtotal	44,777,413	62,839,244	58,253,788	54,152,276	58,381,912	51,877,883	54,127,051	50,100,432
Internal Services Subtotal	26,538,637	21,824,229	19,296,723	17,445,245	34,100,936	35,443,200	27,555,630	19,445,209
Total	71,316,050	84,663,473	77,550,511	71,597,521	92,482,848	87,321,083	81,682,681	69,545,641

The NEB is funded through parliamentary appropriations. The Government of Canada recovers approximately 95 per cent⁶ of the appropriation from the regulated industry. The revenues are deposited directly into the Consolidated Revenue Fund. This process is regulated by the *National Energy Board Cost Recovery Regulations*.^{xiv}

6. The proportion of the NEB's time allocated to frontier matters has decreased as a result of devolution, effective 1 April 2014, which has resulted in an increase in the amount of NEB work that is cost recovered, to approximately 95 per cent.

The NEB's planned spending of \$84.7 million was adjusted during the fiscal year to reflect changes in authorities granted in Budget 2014 (primarily for mega-hearings and to a lesser extent Public Awareness activities), and adjustments to statutory items. The overall net increase of \$7.8 million is a result of increases and decreases, as detailed below.

Increases included funding received in Budget 2014 (\$6.5 million); Operating Budget Carry Forward (\$2.6 million); and a year-end adjustment to our contributions to employee benefit plans (\$1.2 million).

Decreases included the cash management of both the top-up to the Collective Agreement that expired 31 October 2014 (\$2.1 million) and a portion of our Paylist Expenditures for 2014–15 (\$0.4 million).

The NEB's actual spending of \$87.3 million compared to total authorities of \$92.5 million resulted in a lapse of \$5.2 million. This was primarily due to lapses in the Participant Funding program (\$2.7 million), \$2.25 million of which has been frozen so that funding for the TransMountain Expansion (TMX) project could be re-profiled to future fiscal years. The remaining lapse included the move to our new location (\$1.2 million) and reprofiled funding related to delayed mega-hearing applications (\$1.3 million).

Alignment of Spending With the Whole-of-Government Framework

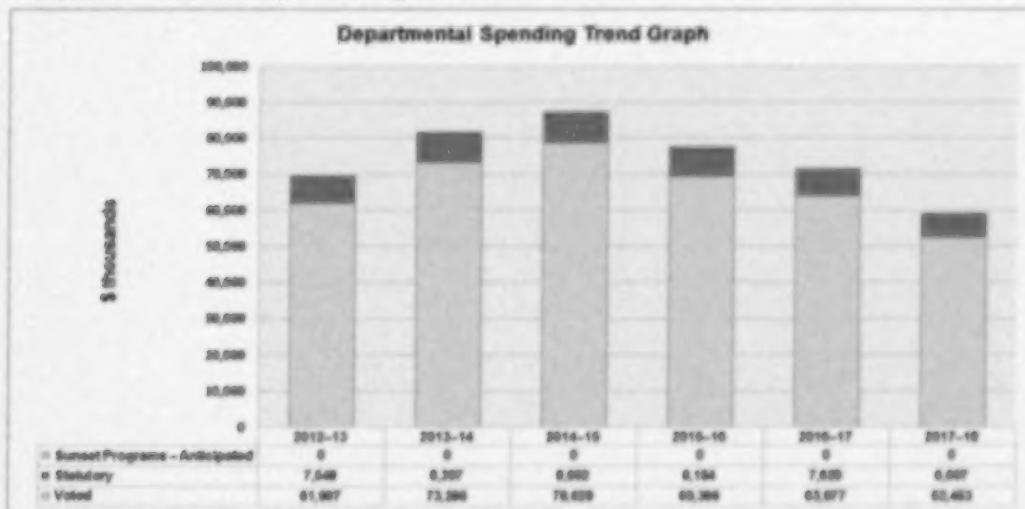
Alignment of 2014-15 Actual Spending With the Whole-of-Government Framework^{xv} (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014-15 Actual Spending
The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.	1.1 Energy Regulation	Economic Affairs	Strong Economic Growth	45,310,493
	1.2 Energy Information	Economic Affairs	Strong Economic Growth	6,567,390

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	62,839,244	51,877,883
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Departmental Spending Trend



For fiscal years 2012-13 to 2014-15, the figure represents the actual expenditures as reported in the Public Accounts.

The NEB's expenditures in 2014-15 show an increase of \$4.8 million over the prior year, mainly as a result of Budget 2014.

For the period 2015-16 to 2017-18, the figure represents the total planned spending as reported in the 2015-16 Report on Plans and Priorities. Safety and Public Awareness funding is scheduled to expire at the end of fiscal year 2016-17. One time funding for mega-hearings granted in Budget 2014 is due to expire at end of fiscal year 2016-17.

As per Budget 2015, \$80 million has been approved for safety and environmental protection, and greater engagement with Canadians.

Expenditures by Vote

For information on the National Energy Board's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2015*,^{xvi} which is available on the Public Works and Government Services Canada website.^{xvii}

Section II: Analysis of Program(s) by Strategic Outcome

Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

Program 1.1: Energy Regulation

Description

This program provides the regulatory framework under which the NEB carries out its mandate and achieves part of its strategic outcome. Specifically, it enables Canadian federally regulated energy infrastructure to be developed and supervised throughout its lifecycle. The regulatory framework includes components such as setting expectations for industry and others, monitoring and enforcing compliance with requirements, measuring performance of the NEB's regulatory framework and focusing on continual improvement. The authority for this program is derived from the NEB Act, COGOA, CPRA, the *Canada Labour Code* and other associated regulations and guidelines. Energy regulation provides Canadians with safe, reliable and efficient energy supply.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2014-15 Difference (actual minus planned)
39,482,860	56,018,272	51,792,827	45,310,493	-10,707,779

Human Resources (FTEs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
293.0	292.3	-0.7

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Regulated activities are conducted in accordance with regulatory requirements	Number of inspections conducted per fiscal year	150	192
	Per cent of planned compliance activities that are completed	100%	100%
	Number of audits conducted per fiscal year	6	6

Performance Analysis and Lessons Learned

The NEB maintains continual regulatory oversight throughout the lifecycle of any facility it regulates – from project proposal to construction and operation and through to the end of its use.

In 2014-15, the NEB continued performing towards the expected result for the Energy Regulation Program, *regulated activities are conducted in accordance with regulatory requirements*. Capitalizing on the momentum generated by the 2013 Safety Forum⁷, the NEB identified several key actions supporting the common goal for the NEB and industry of zero incidents.⁸ Performance against these key actions is described below. Activities also support the organizational priority: *continual improvement of safety and environmental outcomes*.

- In 2014-15, the NEB conducted 335 compliance verification activities (including inspections, management system audits, emergency exercise evaluations, emergency procedure manual reviews, compliance meetings to check corrective actions progress, and reviews of post-construction monitoring reports). This is an increase from 282 compliance activities the prior year. The number of inspections increased as well, to 192, up from 153 in 2013-14. Six audits were also completed this year.
- In June 2014, the NEB released expectations for the oil and gas industry to build and sustain a positive safety culture. Together with the Canada-Nova Scotia Offshore Petroleum Board and the Canada-Newfoundland and Labrador Offshore Petroleum

7. Key topics discussed at the 2013 Safety Forum included corporate leadership's role in building and maintaining a safety culture, effectiveness of management systems and performance measurement's role in risk management, as well as public expectations around transparency of information, and the evolving role of the regulator.

Board, the NEB released a joint statement and framework on safety culture, *Advancing Safety in the Oil and Gas Industry - Statement on Safety Culture*⁶⁶ promotes learning and a shared understanding of safety culture across the oil and gas sector in Canada. Safety culture is defined in this framework as "the attitudes, values, norms and beliefs, which a particular group of people shares with respect to risk and safety". The framework details characteristics and attributes of safety culture.

- Continuing this effort, the NEB engaged with stakeholders, subject matter experts, and other parties:

 - The Board led the creation of a North American Regulators Working Group on Safety Culture, to collectively advance and coordinate regulatory initiatives and research related to safety culture. This includes developing safety culture indicators for regulators to determine potential cultural hazards and industry best practices. The NEB will evaluate how to best integrate a select number of these indicators into its compliance verification activities, with the ultimate goal of reducing incidents.
 - The Western Regulators' Forum (WRF) brings together the NEB with the Alberta Energy Regulator, the British Columbia Oil and Gas Commission, and the Saskatchewan Ministry of the Economy. The WRF promotes collaboration and pursues mutual priorities amongst oil and gas regulators in Western Canada. This collaboration includes several working committees, one of which will specifically work on pipeline performance measures.⁶⁷ Pipeline performance measures challenge regulated companies to examine how they manage risks associated with their operations, promote continual improvement, and set the stage to better assess safety culture. They are a key component in enabling pipeline companies to achieve the Board's stated goal of zero incidents on its regulated pipelines. Over time, additional trend information will be available to the Board to enhance NEB compliance verification planning.

66 The three regulatory boards endorsing the definition are put forth by Thomas, K., Fox, R., Gordon, K. & Fleming, M. (2016). *Advancing safety culture in the offshore oil industry*. *Offshore*, 12(3), 200-204. 'Safety' includes safety of workers and the public, process safety, operational safety, facility integrity, security and environmental protection.

67 Details of the NEB's next report on pipeline performance measures published five years are presented under sub-program 1.1.2 Energy Regulation Implementation, Compliance Monitoring and Enforcement.

- The NEB reviewed and updated hearing and e-hearing application processes, including systems used to support these processes
 - The NEB enhanced the Application to Participants (ATP) system during the year to build a new Participation Portal™, which allows hearing intervenors and commentators to register, submit and view information related to their hearing participation, in a centralized online system.
 - Updates to the Online Application System (OAS) addressed filing deficiencies for e-hearing applications submitted online, and provided clarity to applicants in filing correct, relevant information.
 - Public participation is an important part of every National Energy Board hearing, and the NEB added to its suite of online videos¹⁰ to help the public learn about NEB processes. This year, the NEB added videos specific to the ATP process and how the NEB responds to emergencies.
 - The NEB also revised the language used in Frequently Asked Questions¹¹ regarding Liquefied Natural Gas Export License Applications, to ensure readability and accessibility for Canadians.
- The NEB developed its regulatory information and analysis function to find high quality, evidence-based regulatory information and data into risk-based compliance verification planning to improve our regulatory performance. The NEB is building on this foundation to increase its focus on risk issues and economic issues. In turn, this will result in targeted, more proactive compliance verification.

Going forward, the NEB will continue to promote safety culture and collaborate with other agencies on this important area of focus. The organization will continue to improve data systems, to ensure efficient access to accurate information in support of regulatory decisions. The NEB has begun work to further enhance its compliance planning risk model and to provide inspectors with better processes and tools in the field. These tools will enable more efficient collection of inspection data and enable pooling of inspection-related information.

Other activities that supported the achievement of the expected result for the Energy Regulation Program are detailed under the following sub-program results:

Sub-Program 1.1.1: Energy Regulation Development

Objectives

This Sub-Program provides the energy sector and related industries with the regulatory requirements required for the development and operation of energy infrastructure and for oil and gas exploration and development activities in land and offshore areas as defined in s.1 of EREGS. The NER develops and communicates regulations, guidance materials and related processes to ensure its regulatory requirements are clear and useful. The NER actively seeks opportunities for improvement through amendments to regulations and guidance, non-mandatory guidance and guidance, and other direction provided from time to time.

Quantifiable Financial Resources (Outputs)

2014-15 Planned Spending	2014-15 Actual Spending	2014-15 Difference (Actual minus planned)
10,255,260	9,877,466	3,778,794

Quantifiable Resources (Inputs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (Actual minus planned)
0.0	10.2	10.2

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Clear and pragmatic regulatory framework	For each of current regulation or regulatory guidance change activities completed	100%	100%

Performance Analysis and Lessons Learned

Changes to the NER Act, other applicable federal legislation and corresponding regulations must be implemented. These changes to regulations are either required by legislation or are identified gaps and issues in the NER regulatory framework. Changes to relevant acts and regulations have to be implemented in the NER processes to provide self and stakeholders with updated, accurate and relevant regulatory guidance. Regulatory improvement plans are adjusted to accommodate legislative amendments and proposed regulations that the Government of Canada, which may impact the NER's areas of responsibility.

In support of a *clear and pragmatic regulatory framework*, the NEB completed various key activities, as described below. Activities also support the organizational priorities: *a robust regulatory framework for the North*, and *a flexible and efficient organization able to meet new and ongoing priorities*.

- The NEB continued to implement consequential legislative and regulatory changes:
 - The *Energy Safety and Security Act*^{xxiii} (ESSA, or Bill-C22) received Royal Assent in February 2015. The Act amends COGOA and provides the NEB with new tools for regulating Northern oil and gas activities in the public interest. The NEB has begun work with federal and provincial partners to develop the relevant regulations. The provisions of the ESSA will be brought into force by 26 February 2016.
 - In December 2014, the Minister of Natural Resources introduced the *Pipeline Safety Act*^{xxiv} (Bill C-46), which sought to amend the NEB Act and, to a lesser extent, the *Canada Oil and Gas Operations Act* (COGOA). The Bill has received Royal Assent, and the Act will come into force June 2016. The *Pipeline Safety Act* will have implications for the NEB's responsibilities, and a plan has been put into place to implement changes.
 - Development of application assessment procedures for COGOA applications, that will permit the involvement of the public as well as create more transparency on the records created throughout the application assessment process, is ongoing.
 - The NEB's Forward Regulatory Plan^{xxv} is a public list of anticipated regulatory changes that the NEB intends to bring forward over the next two years. This plan is adjusted and updated over time as our operating environment also changes over time. It also identifies public consultation opportunities and a departmental contact point for each regulatory initiative. Progress was made on planned regulatory projects for 2014-15, including *Damage Prevention Regulations* amendments, *Regulations Amending the NEB Export and Import Regulatory framework*, and the *NEB Rules of Practice and Procedure*.
- The NEB continued modernizing the regulatory framework for the North, in partnership with relevant federal and provincial government departments and regulators to maintain the highest standards for operational safety and environmental protection. The NEB continued to actively support the Frontier and Offshore

Regulatory Renewal Initiative (FORRI)¹⁰, which is working to renew and modernize the regulatory framework governing Canada's North and offshore oil and gas exploration and development.

- The NEB updated filing requirements and guidance to clarify expectations of companies, and share how the public can get involved in NEB processes in the North. This year the NEB released updates to the *Filing Manual*, the *Filing Requirements for Offshore Drilling in the Canadian Arctic*, and developed *Filing Requirements for Geoscience Programs*, which will be available in 2015-16.
- The NEB and GNWT signed a Service Agreement to allow the NEB to provide technical services and advice to support the GNWT's regulatory functions for oil and gas projects, and transfer records post-devolution.
- The NEB engaged Northerners and Northern institutions that may be affected by potential activities regulated by the NEB:
 - The NEB Chair and CEO, along with technical staff, attended the Nunavut Oil and Gas Summit, NWT Board Forum and Arctic Oil and Gas Symposium. The NEB met with Nunavut and NWT Premiers, the NWT Minister of the Environment, and the Minister responsible for the NWT Public Utilities Board. The NEB also met with the Qikiqtani Inuit Association, Nunavut Impact Review Board, NWT Office of the Regulator of Oil and Gas Operations, Nunavut Tunngavik Inc., Inuit Tapiriit Kanatami, the Northern Projects Management Office, and the Nunavut Wildlife Management Board.
 - Community and institutional engagement related to Same Season Relief Well (SSRW)¹¹ technical proceedings (with respect to proposed Beaufort Sea drilling programs by Imperial Oil Resources Ventures Limited and Chevron Canada Limited¹²) was also an important focus of northern engagement this year.

10. FORRI is a partnership of federal and provincial government departments and regulators that have responsibility for frontier and offshore regulatory issues. Participants include Natural Resources Canada, Aboriginal Affairs and Northern Development Canada, Canada-Nova Scotia Offshore Petroleum Board, Canada-Newfoundland and Labrador Offshore Petroleum Board, Nova Scotia Department of Energy, Newfoundland and Labrador Department of Natural Resources, and the National Energy Board.

11. Through the *Review of Offshore Drilling in the Canadian Arctic* (Arctic Review), the Board reaffirmed its SSRW Policy: the applicant must demonstrate, in its Contingency Plan, the capability to drill a relief well to kill an out-of-control well during the same drilling season. The intended outcome of the policy is to minimize harmful effects on the environment. Applicants wishing to depart from the policy would need to demonstrate how they would meet or exceed the intended outcome of the policy.

12. In December 2014, Chevron withdrew from the SSRW Technical Proceeding.

- Staff continued to work with key players to improve preparedness in the event of an emergency incident in the North. This included collaboration with the Environmental Impact Review Board and offshore Boards, and regional, national and international spill response agencies.

Going forward, the NEB will continue to improve its existing regulatory framework, while preparing for legislative and regulatory changes that will take effect in 2016.

Sub-Program 1.1.2: Energy Regulation Implementation, Compliance Monitoring and Enforcement

Description

Through this Sub-Program, the NEB makes informed decisions and recommendations on issues and applications related to energy development, energy infrastructure, energy transportation, energy trade and related activities. As an independent regulatory tribunal, the NEB actively involves those affected by its regulatory decisions through public hearings and other engagement activities.

The Board verifies and enforces compliance with regulatory requirements and expectations such as those set out in the Board regulations, and terms and conditions of approvals. The NEB conducts its monitoring and enforcement activities under eight regulatory implementation programs: integrity, emergency management, safety management, damage prevention, financial regulation, respecting rights and interests, security, and environmental protection. Through monitoring and enforcement, the NEB holds regulated entities accountable for results in the Canadian public interest. The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society's values and preferences evolve over time. This program uses funding from the following transfer payment: *National Energy Board Participant Funding Program*.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
45,934,983	41,232,549	-4,702,434

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
249	266	17

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Fair and transparent application assessment	Per cent of successful judicial appeals related to fairness or legal principles	0%	0%
Timely application assessment	Per cent of decisions or recommendations issued within legislated time limits	100%	100%
Regulated companies are held accountable for results in the Canadian public interest	Per cent of NEB-identified non-compliances addressed by the NEB	100%	100%

Performance Analysis and Lessons Learned

The NEB's regulatory activities (e.g., application assessment, compliance and enforcement) and associated planning and reporting are risk-informed and driven by analysis of data and information collected from different activities. Analysis of accurate and relevant information can help the NEB identify industry trends and inform NEB application assessment, compliance verification and enforcement processes. Through these efforts, the NEB holds regulated companies accountable for results in the Canadian public interest.

In support of *fair and transparent application assessment* and *timely application assessment*, the NEB completed key planned activities as described below.

- The NEB continued to monitor, and meet, time-limit commitments. Of note this year, TransCanada submitted their application for the Energy East Pipeline Project.^{xxvi} The NEB's review of this project will examine the longest proposed pipeline project in the Board's history. Additionally, the Trans Mountain Expansion (TMX) Project^{xxvii} review is one of the most comprehensive in the NEB's history, with 400 intervenors. The Board recognizes that Aboriginal peoples have an oral tradition for sharing stories, lessons, and knowledge from generation to generation. For this reason, the NEB welcomed the inclusion of oral Aboriginal traditional evidence during the Trans Mountain hearing.

- Through the Board's Enhanced Aboriginal Engagement initiative, the NEB proactively contacted over 400 Aboriginal groups that may be affected by proposed projects, and assisted Aboriginal groups in participating in the NEB's regulatory process.
- The NEB provided Process Advisors^{xxviii} to support the public and Aboriginal groups who are participating in public hearings. The NEB also offers online information sessions to provide an overview of the application to participate and hearing processes.
- There were no successful judicial appeals related to fairness or legal principles regarding NEB decisions.
- The NEB continued to administer participant funding, which provides financial assistance to intervenors in the NEB's oral hearing process for facilities applications. Funding is available for individuals, Aboriginal groups, landowners, and non-industry not-for-profit groups who seek to intervene.
- The NEB continued to ensure readiness for potential large-scale construction projects.

In support of ***holding regulated companies accountable for results in the Canadian public interest***, the NEB completed several key planned activities. These actions help to further minimize the probability that an incident at a regulated company could result in a fatality and/or significant environmental damage. Activities also support the organizational priorities: *continual improvement of safety and environmental outcomes*, and *a flexible and efficient organization able to meet new and ongoing priorities*.

- The NEB streamlined how it collects information on reportable events, by directing all regulated companies to report events, including incidents and unauthorized activities, using the newly developed Online Event Reporting System (OERS).^{xxix} The Transportation Safety Board of Canada also directed regulated pipeline companies to report events using this system. OERS will ensure that both entities are able to access information for all reported events and significantly reduce the regulatory reporting burden on companies. The NEB also provided additional guidance to companies regarding incident reporting (NEB Event Reporting Guidelines). Several companies have noted that OERS is easy to use and has made the reporting process clearer. The system is a significant process improvement, making data readily available to NEB analysts for use in compliance planning.
- The NEB continued to use input from Canadians, for example, via the Land Matters Group (LMG), to inform NEB initiatives. The LMG is a multi-stakeholder advisory group consisting of members of the public, industry and Aboriginal groups who have

a vested interest in land matters and who are impacted by the activities of companies that are subject to NEB regulation. Of particular importance was the LMG Steering Committee's input this year into the brochure *Administrative Monetary Penalties: Information for Landowners*.^{xxx} The NEB also heard feedback from the group about accessibility of regulated company emergency response plans.

- Throughout the year, the NEB proactively offered easily accessible regulatory information on safety, environmental protection and energy markets:
 - The online Safety Performance Portal^{13, xxxi} is updated quarterly and presents key safety and environmental protection data collected by the NEB as a part of its work to hold companies accountable for positive outcomes in these areas.
 - Internal development of the NEB's first online interactive Pipeline Incident Map^{xxxii} was completed by 31 March 2014 and launched externally shortly thereafter. Updated quarterly, this tool offers Canadians the opportunity to easily view all pipeline incidents in Canada since 2008.
 - The redesigned Energy Information^{xxxiii} section of NEB's website improves accessibility with a more user-friendly interface. This section of the NEB website now includes energy Market Snapshots^{xxxiv}, an online Energy Conversion Calculator^{xxxv}, and streamlined access to energy commodity statistics and analysis.
 - The NEB improved analysis of data and regulatory information to enhance safety and environmental performance reporting.
- The NEB expanded engagement activities about regulatory requirements to maintain pipeline safety:
 - To proactively promote appropriate damage prevention¹⁴ practices, NEB staff made presentations and provided exhibits at several stakeholder meetings focused on excavator and contractor stakeholder groups.
 - Staff presented to the Canadian Energy Pipeline Association and Canadian Association of Petroleum Producers regarding proposed amendments to the *Pipeline Crossing Regulations*.

13. Previously known as the Safety and Environmental Performance Dashboard.

14. Pipeline damage prevention is important to reduce the risk of accidental damage from nearby excavation or construction activity close to buried pipelines.

- The NEB participated in Canadian Common Ground Alliance (CCGA)¹⁵ regional partner meetings in four provinces.
- In the fall of 2014, the NEB participated in the CANUSNORTH¹⁶ discussion-based tabletop exercise for a well control incident scenario in the Canadian Beaufort Sea.
- In January 2015, the NEB announced plans to open regional offices^{xxxvi} in Vancouver and Montreal to better connect with communities and build relationships with regional public and local institutions, landowners and Aboriginal groups. In addition to better connecting with communities and building relationships, our presence in these regions will broaden our ability to communicate about regulatory requirements and pipeline safety.

The NEB released its summary report in November 2014 on Pipeline Performance Measures^{xxxvii}, to promote continual improvement in the management of pipelines.¹⁷

Pipeline performance measures cover key activities in the programs required by the NEB as part of an effective safety management system:

- Safety management
- Security
- Emergency management
- Integrity management
- Environmental protection
- Damage prevention

The initial reporting cycle has proven the feasibility of collecting this information. The NEB expects that it will take at least three annual reporting cycles to identify meaningful trend information, however, the NEB will immediately begin using the performance data to inform future compliance verification planning. The NEB is also looking at ways to simplify and streamline collection of this information, along with other data collected from regulated companies. Communicating public safety and enforcement actions will be a priority going forward.

15. CCGA's primary role is to manage damage prevention issues of national interest that regional partners consider best addressed through a single voice.

16. CANUSNORTH is the short form used to refer to the Annex of the Canada-United States Joint Marine Pollution Contingency Plan (JCP) that covers the Beaufort Sea. Under the JCP, Canadian and United States Coast Guards are required to exercise each geographic annex to the plan every two years.

17. The NEB required companies that operate over 96 per cent of NEB-regulated pipelines to submit data on a suite of leading and lagging performance measures by 1 April 2014.

Program 1.2: Energy Information

Description

Under this program, the supply, demand, production, development, transmission and trade of energy are analyzed to ensure the requirements of Canadians are appropriately met. Advice is provided on energy issues of interest. The Board uses energy information to inform its regulatory decisions and to produce publicly available assessments of energy trends, events and issues that may affect Canadian energy markets and the supply and demand for energy.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2014-15 Difference (actual minus planned)
5,294,553	6,820,972	6,589,085	6,567,390	-253,582

Human Resources (FTEs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
39.4	46.2	6.8

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadians access energy related analysis and information	Number of visits to the Energy Information webpage or material per fiscal year	≥ 500,000	558,073

Performance Analysis and Lessons Learned

The NEB's energy information products offer neutral, independent, fact-based analysis to Canadians, and increase the transparency of Canadian energy markets. The NEB strengthened its reporting on the functioning of markets, assisting Canadians to more fully appreciate evolving market issues and emerging energy trends important to the context within which the Board makes its regulatory decisions. In support of the expected program result, *Canadians access energy related analysis and information*, the NEB performed against planned activities as described below.

- The NEB continued to monitor developments in energy markets, gather and publish energy market statistics and publish analyses to inform Canadians on energy markets. In 2014-15, the following energy information products were published:
 - *Canadian Energy Dynamics: Review of 2014 (Energy Market Assessment)*^{xxxix}. An assessment of important developments witnessed in Canadian energy markets in 2014.
 - *Assessment of Discovered Conventional Petroleum Resources in the Northwest Territories and Beaufort Sea (Energy Briefing Note)*^{xxxix}. This report summarizes the conventional petroleum resources estimated in the two regions based on probabilistic methodology and supported by petroleum estimates and data at a reservoir level.
 - *Canadian Pipeline Transportation System (Energy Market Assessment)*^{xl}. This report provides information about the major pipelines regulated by the Board, and assesses the economic functioning of the pipeline transportation system.
 - *Propane Market Review*^{xli}. Final Report to the Minister of Natural Resources and the Minister of Industry (a joint report by the NEB and Competition Bureau): The Ministers of Natural Resources and Industry requested that the National Energy Board and Competition Bureau work together to review propane market issues. This report provides a detailed analysis of the overall propane market in Canada.
 - *Short-term Canadian Natural Gas Deliverability 2014-2016 (Energy Market Assessment)*^{xlii}. This report examines the factors that affect natural gas supply in Canada in the short term, and presents an outlook for Canadian natural gas deliverability from the beginning of 2014 to the end of 2016.
 - *Canadian Energy Overview 2013 (Energy Briefing Note)*^{xliii}. The eighth edition of this report provides basic data on Canadian energy supply and markets. It complements the report *Canadian Energy Dynamics 2013*.
 - *Market Snapshots*^{xliii}. Introduced in October 2014, these regular energy information updates illustrate emerging trends in various segments of the energy market. They provide concise, topical energy information to Canadians in a timely fashion. Snapshot topics included the impact of low oil prices, a review of Canadian LNG projects in the global market, and declining solar panel costs, among many others.

- The NEB continues to publish accurate and timely energy statistics. In 2014-15, the NEB added to its suite of energy statistics, publishing quarterly data on Canadian crude oil exports by rail.
- The NEB continued to provide current market analysis for energy infrastructure-related applications before the Board, to support our regulatory decisions.
- The NEB enhanced its external website to improve access and create an energy information portal for Canadians. The redesigned Energy Information section of the NEB's website now offers a more user-friendly experience. Along with the new energy Market Snapshots series described above, this section of the NEB website now includes:
 - an online Energy Conversion Calculator: this tool enables the user to convert electricity, natural gas, oil and other energy terms from one unit of measure to another, quickly and simply;
 - Interactive market and trade graphs that enable website visitors to filter data and view the information they need;
 - A rotating series of "Did You Know" facts about Canadian energy;
 - Quick links to provincial, Canadian, American and international energy agencies and associations; and
 - A streamlined interface that improves access to energy commodity statistics and analysis.

The NEB integrated several of these online features into the Energy Information section of the website based on public feedback received in prior years. The content has been shaped to promote improved awareness of Canadian energy information. Going forward, the NEB will leverage Government of Canada Open Data initiatives to further improve Canadians' access to energy information.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Material Services, Acquisition Services, and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not those provided to a specific program.

Budgetary Financial Resources (dollars)

2014-15 Main Estimates	2014-15 Planned Spending	2014-15 Total Authorities Available for Use	2014-15 Actual Spending (authorities used)	2014-15 Difference (actual minus planned)
26,526,637	21,824,229	54,105,630	55,443,200	13,618,971

Human Resources (FTEs)

2014-15 Planned	2014-15 Actual	2014-15 Difference (actual minus planned)
91.2	102.1	10.9

Performance Analysis and Lessons Learned

Significant increases in workload due to multiple major facilities applications resulted in additional funding requirements and the need for proactive staffing. In addition, increased national and international interest in NEB activities and the increased profile of and interest in pipeline activity across Canada required proactive communication practices to ensure Canadians had accurate and relevant information about the NEB and NEB-regulated facilities.

In support of a flexible and efficient organization able to meet new and ongoing priorities, the NEB completed key activities as described below:

- The NEB enhanced communication with Canadians throughout the year, through strategic communications, including proactive information sharing and web presence.
- The NEB Chair and CEO embarked on a National Engagement Initiative²⁶, in order to hear firsthand about how the Board can improve its approach to safety and environmental protection. The Chair and CEO, along with technical staff, visited each

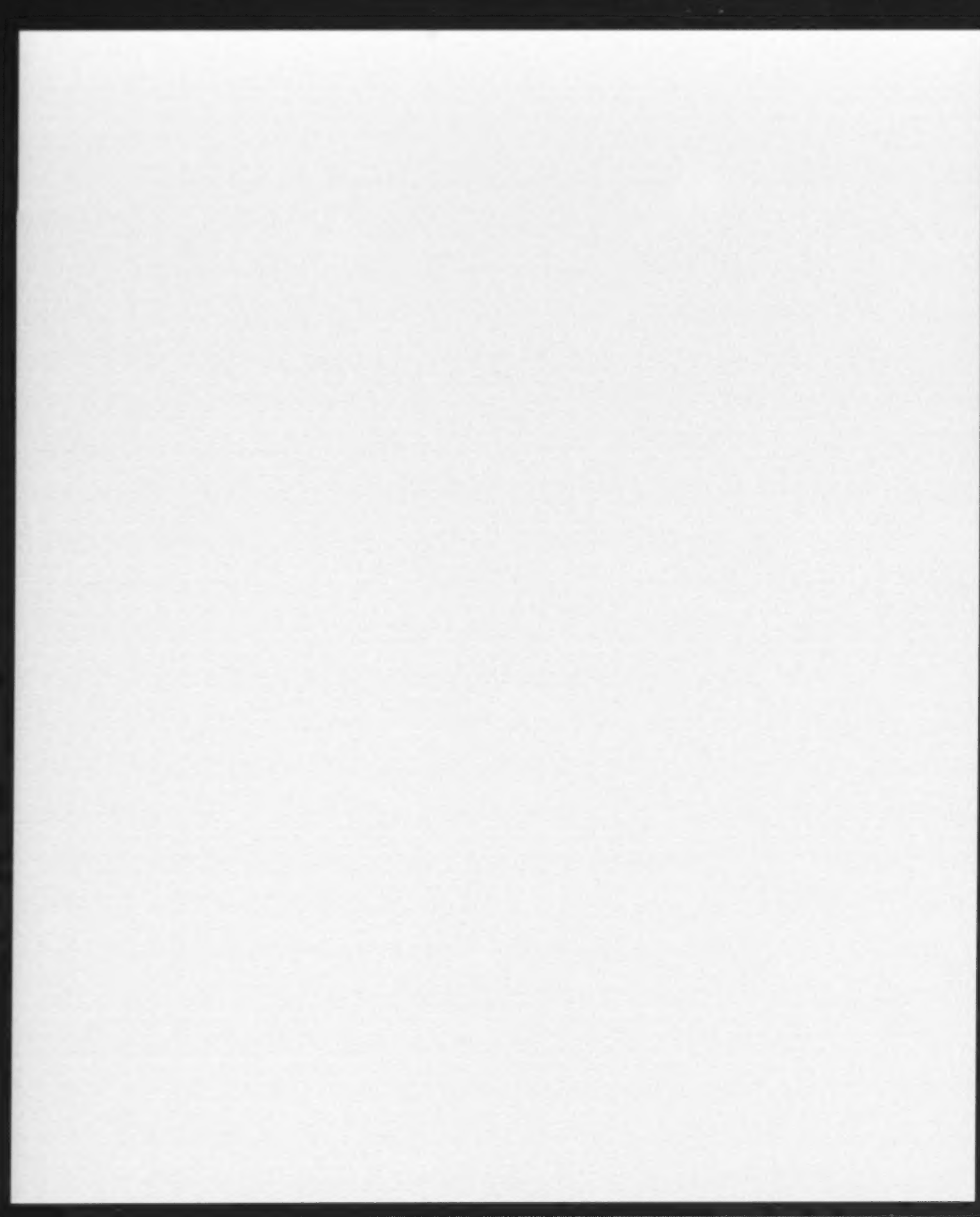
province and the North, and met with municipal and provincial leaders and staff. Aboriginal organizations, environmental groups, first responders and academics, as well as professional and industry organizations. Talking to Canadians from coast to coast, the NEB shared information about its lifecycle approach to regulation, the hearing process, landowner rights and environmental protection, and emergency preparedness, while seeking to better understand regional energy matters.

- The NEB modernized its external website to make information easier to find. Now, regulatory oversight programs, decisions, recommendations and performance records of regulated companies are clearly visible. The NEB improved accessibility for users who require assistive technologies, and created an interface that adapts to mobile device screen sizes. The website also incorporates in-page search capability, and interactive energy market and trade graphs.
- The NEB launched an online discussion forum⁹⁰ that is open to anyone who wants to share views about pipeline safety and environmental protection.
- The NEB announced and executed plans to open regional offices in Vancouver and Montreal, to better connect with communities and build relationships with regional public and local institutions, landowners and Aboriginal groups.
- Structurally, the NEB elevated the importance of its proactive communication initiatives through a strategic communications unit, with a renewed emphasis on public affairs and media relations.
- The NEB has taken a "detect and correct" approach to ensure media coverage accuracy.
- The NEB continued to implement attraction and retention strategies including promoting work-life balance that works for each person, providing engaging work in the national public interest, and supporting professional development. The NEB is a supportive and inclusive workplace underpinned by a strong culture of values. The NEB was again named as one of Canada's Top 100 Employers this year, becoming a six-time winner of this honour. The organization was also named one of Canada's Top 100 Family Friendly Employers. These acknowledgements speak to the programs offered to employees, which in part help to retain them.
- The NEB successfully relocated its head office to a new building, and transitioned to an open and modern workspace. The move to a new building was well planned and executed to minimize business disruptions. Information technology services and tools were enhanced to support Workplace 2.0 objectives.

- o The NRB implemented a modern unified event management system strengthening the security of NRB's information technology network.
- o The NRB established service standards and performance measures for key internal services. The NRB measured client satisfaction in the areas of time to staff, time to contract, email system availability, service desk response times, media response times, and other concerning user satisfaction. Cumulative performance targets were met and targets have been raised for 2015-16.
- o The NRB adopted the GC Shared Travel Services (STS) subscription for travel management. STS provides for greater accountability, visibility, and transparency of travel expenditures.
- o Information management and information technology strategies were implemented to support regulatory and business processes. Our approach to data capture, storage, analysis and dissemination continued to evolve. This year, the NRB:
 - o Modernized the NRB internal website;
 - o Enhanced the LTP and G4S systems, and developed the NRB's first interactive Pipeline Incident Map;
 - o Streamlined information collection on regulatory events, using the newly developed Online Event Reporting System (OERS); and
 - o Encouraged the use of web conferencing technology to complement face-to-face meetings in the application engagement process and reach a broader range of stakeholders.

The NRB will continue to focus on improving tools, processes and systems to support regulatory reporting, analysis and measurement. The organization will also place resource planning processes and systems with Government of Canada wide standards.

Departmental security plans continue to be updated and this area of focus remains a priority at the NRB.



Section III: Supplementary Information

Financial Statements Highlights

The National Energy Board operates on a full accrual accounting basis according to Treasury Board's policy for reporting based on generally accepted accounting principles (GAAP). The tables below provide highlights from the NEB's Statement of Operations and Statement of Financial Position, as presented in its 2014-15 financial statements. As such, differences do exist between these tables and those presented in other sections of the Departmental Performance Report, which are prepared on the modified cash basis of accounting.

Condensed Statement of Operations (unaudited)
For the Year Ended March 31, 2015
(dollars)

Financial Information	2014-15 Planned Results	2014-15 Actual	2013-14 Actual	Difference (2014-15 actual minus 2014-15 planned)	Difference (2014-15 actual minus 2013-14 actual)
Total expenses	87,156,971	90,281,795	82,149,942	3,124,824	8,131,853
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	87,156,971	90,281,795	82,149,942	3,124,824	8,131,853

The variance between 2014-15 actual and planned expenditures relates to additional funding received in 2014-15 to cover expenses related to mega-hearings. The significant increase in actual expenditures from the previous year is the result of increased funding related to the mega-hearings (\$2.0 million) as well as a one-time salary expense due to the elimination of the employee severance pay program in 2014-15 (\$4.2 million). The NEB office relocation in 2014-15 affected various O&M expenditures, and accounts for the remaining difference.

Condensed Statement of Financial Position (unaudited)
As at March 31, 2015
(dollars)

Financial Information	2014-15	2013-14	Difference (2014-15 minus 2013-14)
Total net liabilities	28,439,130	19,896,326	8,542,804
Total net financial assets	11,847,875	9,346,755	2,501,120
Departmental net debt	16,591,255	10,549,571	6,041,684
Total non-financial assets	24,928,416	15,837,020	9,091,396
Departmental net financial position	8,337,161	5,287,449	3,049,712

The NEB's net liabilities include short-term accounts payable and accrued liabilities as well as employee leave and severance allowances. In 2014-15, there was an additional payable of \$11 million, representing levies collected from newly regulated parties under Section 5.2(1) of the *National Energy Board Cost Recovery Regulations*. These amounts reduce the cost recovery levies of other regulated parties and are recorded as payables to these parties until this adjustment is made in the year after the Section 5.2(1) of the *National Energy Board Cost Recovery Regulations* levy has been invoiced. The \$8.5 million variance in 2014-15 net liabilities over the previous year is primarily the combination of this payable and the decrease in severance allowance related to the elimination of the severance pay program in 2014-15.

The difference in net financial assets is the result of an increase in receivables due from the consolidated revenue fund to cover year-end salary accruals resulting from the implementation of salary payment in arrears by the Government of Canada in 2014-15.

The increase in non-financial assets over the previous year is the result of the NEB office relocation that occurred in 2014-15.

Financial Statements

The NEB's Financial Statements can be found on the NEB website.^{xlvii}

Supplementary Information Tables

The supplementary information tables listed in the *2014–15 Departmental Performance Report* are available on the National Energy Board's website^{xlviii}.

- ▶ Departmental Sustainable Development Strategy;
- ▶ Internal Audits and Evaluations;
- ▶ Response to Parliamentary Committees and External Audits; and
- ▶ User Fees, Regulatory Charges and External Fees.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*^{xlix} publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

National Energy Board
517 Tenth Avenue SW
Calgary, Alberta T2R 0A8

Email: info@neb-one.gc.ca
Internet: <http://www.neb-one.gc.ca>

Telephone: 403-292-4800
Toll free: 1-800-899-1265
Fax: 403-292-5503
Toll free fax: 1-877-288-8803
TTY (teletype): 1-800-632-1663

Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Includes operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Report on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*): A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Includes net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*): What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plan (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*): Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*): A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*): A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

result (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

1. **National Energy Board Act**, <http://laws-lois.justice.gc.ca/eng/acts/N2/PulText.html>
2. **Canada Oil and Gas Operations Act**, <http://laws-lois.justice.gc.ca/eng/acts/C2/page-1.html>
3. **Canada Petroleum Resources Act**, <http://laws-lois.justice.gc.ca/eng/acts/C2/page-1.html>
4. **Oil and Gas Operations Act**, <http://laws-lois.justice.gc.ca/eng/acts/C2/page-1.html>
5. **Petroleum Resources Act**, <http://laws-lois.justice.gc.ca/eng/acts/C2/page-1.html>
6. **Canadian Environmental Assessment Act (CEAA)**, <http://laws-lois.justice.gc.ca/eng/acts/C11/page-1.html>
7. **Blackfoot Energy Resource Management Act**, <http://laws-lois.justice.gc.ca/eng/acts/B2/page-1.html>
8. **Canada Labour Code**, <http://laws-lois.justice.gc.ca/eng/acts/C2/PulText.html>
9. **Advancing Safety in the Oil and Gas Industry - Statement on Safety Culture**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
10. **Administrative Monetary Penalties Regulations (National Energy Board)**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
11. **National Energy Board Event Reporting**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
12. **Northwest Territories Land and Resource Devolution Agreement**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
13. **National Engagement Initiative**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
14. **National Energy Board Cost Recovery Regulations**, <http://laws-lois.justice.gc.ca/eng/acts/N2/PulText.html>
15. **Office of government transparency**, <http://www.oat.gc.ca/eng/office-of-government-transparency-eng.aspx>
16. **Public Accounts of Canada 2013**, <http://www3.intel.gc.ca/eng/office-of-government-transparency-eng.html>
17. **Public Works and Government Services Canada website**, <http://www3.intel.gc.ca/eng/office-of-government-transparency-eng.html>
18. **NEB Safety Forum 2013**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
19. **See endnote 18**
20. **File Hearing Documents Participation Portal**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
21. **NEB Videos**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
22. **Frequently Asked Questions - Liquefied Natural Gas (LNG) - Export License Applications**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
23. **Energy Safety and Security Legislation Receives Royal Assent (GOC News Release)**, <http://www3.intel.gc.ca/eng/office-of-government-transparency-eng.html>
24. **Natural Resources Minister Richard Announces that the Pipeline Safety Act has Received Royal Assent (GOC News Release)**, <http://www3.intel.gc.ca/eng/office-of-government-transparency-eng.html>
25. **Forward Regulatory Plan**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
26. **Energy East Project**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
27. **Trans Mountain Pipeline LLC - Trans Mountain Expansion**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
28. **Process Advisor - Support for Hearing Participants**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>
29. **See endnote 18**
30. **Administrative Monetary Penalties: Information for Landowners**, <http://www.nelb-one.gc.ca/advancing/advancing-safety-culture-eng.html>

enr	Energy Performance Portal http://www.nrc.ca/nrc/en/energyportal/index.aspx
enr01	Interactive Incident Map http://www.nrc.ca/nrc/en/energyportal/interactive/index.aspx
enr02	Energy Information , http://www.nrc.ca/nrc/en/energy/index.aspx Energy information, http://www.nrc.ca/nrc/en/energy/index.aspx
enr03	Energy Market Snapshot http://www.nrc.ca/nrc/en/energy/market/snapshot/index.aspx
enr04	Energy Consumption Calculator http://www.nrc.ca/nrc/en/energy/market/calc/index.aspx
enr05	N2E is open regional office in Vancouver and Whistler (CO2 Green Columns) http://www.nrc.ca/nrc/en/energy/market/n2e/index.aspx
enr06	Positive Performance Measures http://www.nrc.ca/nrc/en/energy/market/positiveperformance/index.aspx
enr07	Canadian Energy Performance Review of 2014 - Energy Market Assessment http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/2014/index.aspx
enr08	Energy Briefing Note - Assessment of Increased Canadian Producers' Resilience to the Northward Transition and Resulting Loss http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/2014/index.aspx
e	Canadian Pipeline Transportation System - Energy Market Assessment http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/2014/index.aspx
e01	Propane Market Review http://www.nrc.ca/nrc/en/energy/market/propanemarket/2014/2014-propane.aspx
e02	Crude from Canadian Natural Gas (Canada's 2014-2016) http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/2014/2016-crude.aspx
e03	Canadian Energy Overview 2013 - Energy Briefing Note http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/2013/index.aspx
e04	Gas website page
e05	Gas website en
e06	Online Resource Search , http://web.nrc.ca/energy/onlineResourceSearch
e07	N2E Financial Instruments http://www.nrc.ca/nrc/en/energy/market/n2e/instruments/index.aspx
e08	Supplementary Information Tables http://www.nrc.ca/nrc/en/energy/market/canadianenergyperformance/index.aspx
e09	Government of Canada Tax Expenditures , http://www.gc.ca/canada/index.aspx